

# Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund Fund 390

## CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND OVERVIEW:

San José Municipal Code section 4.80.300 establishes a single fund, the “Construction Tax and Property Conveyance Tax Fund”, for the deposit and accounting of the Construction Tax and the Property Conveyance Tax (“C&C revenues”). The various “funds” to which C&C revenues are allocated are accounted for within the Construction Tax and Property Conveyance Tax Fund.

## PURPOSE OF THE FUND:

Per chapter 4.55 of the San José Municipal Code, C&C revenues are allocated for the costs associated with various capital improvements. At least 64% of the C&C revenues are considered to be the “Parks Allocation” for the costs of “Park Improvements”. Generally, these include the acquisition, construction, reconstruction, replacement, remodeling, modification, alteration, enlargement, renovation, furnishing and refurnishing and capital maintenance of City public park, recreation areas and the facilities and park or recreational facilities constructed or installed within or upon any public school grounds or other public properties where the City is given a right to use the same for public playground or recreation purposes.

The Parks allocation is to be deposited in the Central Fund and then is to be distributed according to the following methodology as set forth in section 4.55.420:

- Up to 15% may be transferred to the General Fund for park maintenance purposes;
- Then, funds in an amount determined by the City Council may be budgeted within the Central fund or transferred to the General Fund for fixed costs, including capital equipment for maintenance; recreational hardware; preventative capital maintenance costs and non-construction costs. These include capital support costs, such as the cost of facilities housing staff assigned to work on the park projects;
- Then, up to 34% of the remainder may be transferred to the City-Wide Fund for park or recreational improvements located in any part of the City, for natural open space area intended to be left in a natural state, or for San José Family Camp; and
- Then, of the remainder:
  - 20% must be allocated equally to each Council District for its “special needs for Park improvements”; and
  - The remaining 80% must be allocated to the Council Districts based on the needs assessment methodology for Park improvements set out in the Municipal Code.

## AUTHORITY FOR THE FUND:

San José Municipal Code chapter 4.55 and San José Municipal Code sections 4.80.300 through 4.80.320. Revenue and expenditure estimates are budgeted via Council funding sources resolution and appropriation ordinance, respectively.

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**SOURCE OF FUNDS:**

- Construction Tax (San José Municipal Code chapter 4.54): An excise tax imposed at the rates set forth in San José Municipal Code chapter 4.54 on every person who constructs, or causes to be constructed, any building, or portion thereof, or any mobile home lot in the City in which said person has an equity or title or other interest either as owner, leasee or otherwise.
- Real Property Conveyance Tax (San José Municipal Code chapter 4.58): A tax imposed on each transfer, by deed, instrument or writing by which any lands, tenements, or other real property sold, located in the City, or is granted, assigned, transferred or otherwise conveyed to, or vested in, a purchaser or purchasers thereof, or any person or persons at or by the direction of said purchaser or purchasers, when the value of the consideration exceeds one hundred dollars. The tax is imposed at the rate of one dollar and sixty-five cents for each five hundred dollars, or fractional part of five hundred dollars, of the value of the consideration.
- Interest earnings (see Fund Restrictions)

**FUND RESTRICTIONS:**

The fund is to be expended as outlined above. Per section 4.55.310 of the San José Municipal Code, the City Council may transfer interest earnings in this fund into any special fund or the General Fund. Grant funds deposited into this fund are subject to the restrictions of the particular grant.

The sources of funding for this fund include special taxes. Increases to the tax rate or significant changes to the use of these taxes are subject to voter approval.

**LEAD RESPONSIBILITY:**

Parks, Recreation and Neighborhood Services Department

**FINANCIAL INFORMATION AND LOCATION:**
**Comprehensive Annual Financial Report (CAFR) Designation:**

Governmental Fund-Special Revenue

**Budget Location:**

Adopted Capital Budget and Capital Improvement Program (Parks and Community Facilities Development Capital Program)

**Funding Sources Resolution and Appropriation Ordinance Location:**

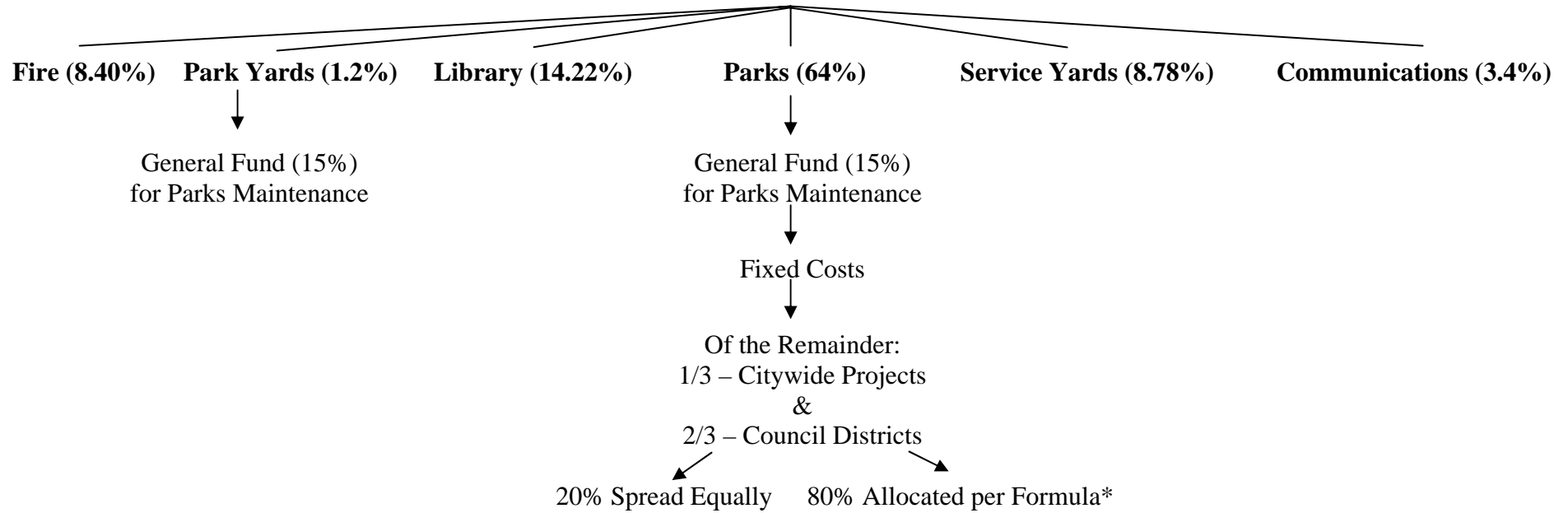
Section 12.11

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**NOTES:**

When the Construction and Conveyance Tax revenues are received each month, they are deposited into the Construction and Conveyance Revenue Distribution Memo Fund (Fund 396). After the funds are deposited, they are distributed according to San José Municipal Code chapter 4.55 and the Council approved distribution formula to the following C&C Tax Funds: Fire (8.40%); Park Yards (1.20%); Library (14.22%); Parks (64.0%); Service Yards (8.78%); and Communications (3.4%). For a more detailed account of the distribution of Construction and Conveyance Tax revenues, please refer to the following chart.

## CONSTRUCTION AND CONVEYANCE TAXES



### \* Distribution Criteria:

- Neighborhood and community-serving park acres per 1,000 population
- Developed neighborhood and community-serving park acres per 1,000 population
- Square feet of neighborhood and community serving center space per 1,000 population
- Developed park acres and facilities in good condition